



MITT ROMNEY  
Governor

KERRY HEALEY  
Lieutenant Governor

**Commonwealth of Massachusetts**  
*Executive Office of Health and Human Services*  
**Department of Transitional Assistance**  
600 Washington Street • Boston, MA 02111

TIMOTHY MURPHY  
Secretary

JOHN A. WAGNER  
Commissioner

John A. Wagner, Commissioner  
FY07 Budget Testimony  
March 7, 2006

*DTA Mission: "To serve the Commonwealth's most vulnerable families and individuals with dignity and respect, ensuring those eligible for our services have access to those services in an accurate, timely, and culturally sensitive manner, and in a way that promotes clients' independence and long-term self-sufficiency."*

Senator Chandler, Senator Augustus, Representative Gobi, and members of the Legislature:

Thank you for providing me an opportunity to testify today on the FY07 budget. I believe there are many components of our spending proposal that build upon the successes the Department specifically, and the Commonwealth in general, have accomplished over the past 12 months.

First and foremost on many minds is the status of welfare reform—the combined federal/state cash assistance program serving some of the poorest families in the Commonwealth.

As members of the legislature know, until this past September we were governed by a state/federal agreement over the operations of our cash assistance or TAFDC program. Although the state statute remains—Chapter 5—the federal waiver agreement has expired. We must now comply with the three federal Rs: Regulations, Requirements and Rates.

Although regulations are a few months off, the federal participation rates are something that is quickly approaching.

With the passage of the Budget Reconciliation Act, which has become known as the Deficit Reduction Act signed by the President on February 8, state cash assistance programs funded by the welfare Temporary Assistance to Needy Families or TANF block grants have some new requirements focused on moving more families into the workforce based on something called work participation rates.

Simply put, states must begin getting 50% of their cash assistance caseload into federally defined work activities for FFY07, beginning this October.

For those families on cash assistance headed by two parents, the participation rate is an aggressive 90%.

Massachusetts is currently at 15% and 14%, respectively. This means that, given the set up of current funding and programs, we must begin engaging about 10,000 more adults in work-related activities, as defined by the federal government, or risk significant federal sanctions.

That is why the administration's proposal as included in last year's budget and included again in House 2, funds expansion of job training and work-related supports, including assessments, transportation, and child care.

We hope to continue to work with the legislature to craft a plan that engages many more adults in activities that lead them towards employment, not only to meet these aggressive rates and requirements but to help families become better off.

This latter point is key because solely relying on welfare, even counting the benefits of the Food Stamp Program which I will discuss in a minute, guarantees a life of poverty. If we can move more families into even a minimum amount of work, we are better able to lift them out of poverty. For example, a family on public assistance that takes a part-time job at minimum wage ends up with resources of 114% of the current poverty level. [20 hours x min. wage plus FS, TAFDC and EITC = >\$18,957, or 114% of FPL] Our challenge as an agency is to help our families move beyond a life of poverty. Why should our families deserve anything less?

This Commonwealth and the legislature authorize the state's Earned Income Tax Credit program at a value of approximately \$80M each year. That program leverages the federal EITC, and these programs are available only to those who work. Our families should not be separated from these benefits, which provide about \$3,200 for a low-income, working family in the form of a refundable tax credit [for typical family of mom and two kids, working part-time at minimum wage ~\$2,800 federal and ~\$400 state].

But for too many of our families—currently roughly 75% of the population on TAFDC—these supports and services are not accessed because there is no reason to move beyond welfare.

For example, over the past year, the Department undertook an innovative program to work with community-based rehabilitation providers to help disabled parents enter the workforce. The services offered included individualized assessments, placement and employment supports. Recipients also had access to “benefit planning” to help them understand the impact of employment on public assistance benefits. Unfortunately, the voluntary nature of the program led to disappointing results: local offices reached out to over 548 individuals, but only 48 recipients had an intake completed by a provider. Of those 48, only 36 recipients actually entered the program and began an assessment. Our providers reported difficulty with recipients following through, including a high “drop-out” rate, people not showing up for appointments and/or recipients having sporadic attendance. Providers felt that while the program continues to be voluntary, these issues will continue.

The FY07 budget includes the administration's original proposal which would allow us to work with more families, moving them into work. Included in the budget is full funding of the vital support services—like investments in child care (\$8.4M), transportation (\$800,000), and other employment supports (\$7.3M)—required to meet the needs of families receiving cash assistance who would now be expected to work.

One important benefit program for our families, as I mentioned earlier, is the federally funded, DTA administered Food Stamp Program. Last year I testified on the agency's initiatives to increase access to this important benefit, including an initiative we've piloted with our colleagues at the Social Security Administration called the Combined Application Pilot (or CAP) project.

CAP is targeted to low-income individuals who are elderly or have disabilities, a population that is eligible for Food Stamps but which has historically not accessed these benefits. Through the Department's joint efforts with SSA, over this past year we've enrolled over 42,000 new households through the CAP program, and converted an additional 14,000 elderly and disabled households to the simpler CAP process.

Going back over the past two years, the Agency has successfully enrolled over 103,000 individuals (77,000 households) in the Food Stamp program. This has provided important nutritional benefits to literally hundreds of thousands of Massachusetts citizens, generating about \$200 million in additional economic activity in Massachusetts neighborhoods.

In fact, this past year the Agency has been recognized nationally for its efforts. For the second year in a row, the United States Department of Agriculture awarded Massachusetts a million dollar bonus for timely issuance of Food Stamp benefits, and statistics compiled by the independent Food Research and Action Center consistently show that Massachusetts is among the top five states in increased food stamp participation in 2005 compared to previous year.

I know that you, Chairman Augustus, have been personally committed to ensuring access to food and appropriate nutritional benefits. We have accomplished much in this arena and I appreciate your support and leadership on this issue.

Whereas just 2 short years ago the challenge was to "get the word out" and get people to apply for Food Stamps, now our challenge is to improve the internal processing of applications. Have there been challenges? You bet. As you can imagine, absorbing an additional 77,000 Food Stamp cases into our caseload, without being able to add new workers, has created serious pressures on the agency.

But we are committed to improving the process, just as we have succeeded in improving access to this important benefit. For example, we are in the process of revising our Food Stamp application process to allow more time for applicants to submit required verifications (from 30 days to 60 days). We will also be reviewing the entire application workflow, clarifying timeframes, and simplifying the process where possible.

In addition, we no longer administer "stamps" and all recipients now receive electronic cards. Each and every card costs the agency \$1.14 per month, which is fully paid for out of the agency's administrative account. While the cost of each card doesn't sound like much, the impact of the 77,000 households the Department has added amounts to more than \$1 million in additional administrative costs to the Department each year.

I ask for full funding, as outlined in House 2, of DTA's administrative account which provides the necessary resources for our staffing, for our offices, and for so many other essential resources like the Food Stamp electronic cards, thus enabling us to do our work.

Another issue facing the country, the Commonwealth, and the community right here is that of homelessness. Although the steady ascent of the state's real estate market may have slowed, the lack of affordable housing remains a significant barrier to the approximately 3000 individuals and 1,400 families we serve in our sheltering system each and every night.

Again, this is an area in which the Commonwealth has made progress:

- In August 2004 we eliminated the need to shelter families in isolated hotel rooms without services and supports, and I am pleased the state has up to this point not had to rely on this inefficient and ineffective way to shelter homeless families;
- Since last July, the Department has launched the first state-sponsored Homeless Management Information System (HMIS), which has begun to be rolled out to individual shelters. For the first time, the state will have within its reach an ability to know who are in these shelter beds in order to connect them to vital resources and services and to make better management decisions—one of the EOHHS guiding principles;
- We continue to work across executive agencies, across programs, across systems, for the benefit of the Commonwealth's homeless individuals and families. Under the leadership of Lt. Governor Healey, the state's Interagency Council on Homelessness and Housing has adopted a 10-year plan for dealing with the population of chronically homeless individuals and is preparing to sign off on a similar plan for homeless families.

Much more needs to be done on this front. As the Lt. Governor has said oftentimes in the past, we can no longer just manage the issue of homelessness, we must end it.

Contained in the administration's House 2 proposal are continued funding levels for both the individual sheltering system and for the emergency assistance program for homeless families.

Within the EA program, however, there are some eligibility changes. I would urge the Legislature to look at this in the context of where there are also investments—at DMH for services for folks residing in single room occupancy units, and for transitional age youths, for example, and at DHCD where this is a new line item for the Tenancy Preservation Program or TPP. TPP is an effective court-based homeless prevention program for individuals and families. I strongly believe that Massachusetts must end its reliance on the deep-end, emergency sheltering system and begin to invest in both the front end (e.g., prevention) and back door to the system (e.g., stabilization).

Shelter should always be available for those who truly need it. But it should be seen as a last resort, with a focus on rapid rehousing for those who do ultimately enter emergency shelter.

So as you can see, we have major challenges facing us as we roll up our sleeves to tackle some of the most vexing public policy issues: those of homelessness, poverty, and hunger. I respectfully ask the Legislature to consider funding the necessary resources to do this job, as outlined in the Governor's House 2 proposal.

Thank you.